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CIA No. 4993

19 OCT 1967

Mr. Rauer H. Meyer, Director
Office of Export Control
Department of Commerce
Washington, D. C.

Dear Mr. Meyer:

In response to your request of 19 June 1967, I am enclosing
five copies of a report entitled "Level of Technology and Production
of Semiconductors in the USSR and East Europe." The report is a
product of the joint efforts of our Office of Economic Research and
Office of Scientific Intelligence and represents the views of these
offices as of 15 October 1967.

Any questions or comments concerning the enclosed report may
be directed to the Trade Policy Support Staff of the Office of
Economic Research,

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Sincerely,

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Acting Director
Economic Research

Enclosures:
As stated

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declassification

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EAFR File

DEPARTMENT OF STATE

Washington, D.C. 20520

October 11, 1967

Mr. William N. Morell, Jr.
Director, Economic Research
Central Intelligence Agency
Washington, D. C. 20505

Dear Bill:

I am of course greatly interested in the study you propose
on the effects of Yugoslavia's import liberalization pro-
gram. As you may know, the Yugoslav Embassy here indicated
to us recently that the Skupstina's deliberations this fall,
billed as "refinements" of the foreign trade system, are
intended to result in further changes to make trade (both
exports and imports with the Communist countries even less
attractive.

I wonder, too, whether your study will encompass the
effects of internal price liberalization, which are surely
connected with the import liberalization. In this connec-
tion, we have often asked ourselves how seriously do
administrative price controls affect economic activity,
and is there any way of measuring the likely effects of
any particular set of constraints? Do we have enough
information, for example, to construct a reasonably com-
prehensive set of dinar-dollar ratios, with some indication
of the proportion of Yugoslav exchange transactions affected
by each, so that we could get some notion, through a
weighted average, of the degree of distortion (or at
least the degree of divergence from American or other
market-economy price patterns)? Would it be possible,
if that could be done, to estimate the likelihood of
decisions which would have been different, if a more
rational set of price relatives were in effect?

More strictly on your subject, we would also doubt that
foreign trade will in fact be free by 1970, though no
doubt the tendency will be in that direction--barring

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droughts, floods, or other natural or man-made catastrophes. But we wonder if the Yugoslavs won't be able to manage their balance of payments problems in the traditional way, yet once more--by funding them?

We will look forward with interest to the results of your deliberations.

Sincerely,

Raymond E. Lisle
Director for Relations
   with Eastern Europe

13 October 1967

As per conversation with Mr.

Morell about a half hour ago.

mb – 12:25 pm

att: Xerox cy of Lisle ltr.

OD/OER

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STATINTL

Minnie: Mr. Morell called [ ]office re Lisle
letter (after Mr. Morell spoke to [ ]
then carried down a copy of theLisle letter as Mr. Smith
has not read it yet - still on his desk with note from
[ ]   When Mr. Smith reads it, he will return it to
us together with our yellow file copy of outgoing which
is attached. (Bev and Toni are both on the lookout for
this.)

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